

BOARD OF EDUCATION
TOWNSHIP OF UPPER PITTSBORO SCHOOL DISTRICT
COUNTY OF SALEM
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

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November 16, 2015

REPORT OF INDEPENDENT AUDITORS

Honorable President and
Members of the Board of Education
Township of Upper Pittsgrove School District
County of Salem, New Jersey 08318

We have audited, in accordance with generally accepted auditing standards and **Government Auditing Standards** issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Township of Upper Pittsgrove School District in the County of Salem for the year ended June 30, 2015, and have issued our report thereon dated November 16, 2015.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the Upper Pittsgrove Township Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.



Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant
No. 915

ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, the activities of the Board of Education, and the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule, contained in the District's CAFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Lisa M. DiNovi	Board Secretary/ School Business Administrator	\$ 35,000
Donna J. Jones	Treasurer	\$185,000

There is a Public Employees' Faithful Performance Blanket Position Bond with Selective Insurance Company covering all employees with coverage of \$100,000.

Tuition Charges

These charges represent payments from parents of students not residing in the school district. (N.J.A.C. 6A:23A-17.1(f) 3.

District Internal Control Policies

District boards of education and administration are responsible for developing internal controls policies and procedures and maintaining a strong internal control environment. NJAC 6A:23A-6.4 requires that the district's internal control policies include specific requirements at NJAC 6A:23A-6.5 through 6.13.

All Internal Control Policies were found in accordance with NJAC 6A:23A-6.5 through 6.13.

Financial Planning, Accounting, and Reporting

In an effort to strengthen internal control, regarding the segregation of duties, the Board approved shared services for the food service and payroll functions. This was in response to the previous year's recommendations and the corrective action plans. Due to the small size of the district, the Board will continue to perform mitigating steps to monitor and review financial areas, including analytically reviewing significant fluctuations between actual and budgeted results of operations. All significant fluctuations should be evaluated and resolved in a timely manner.

Examination of Claims

An examination of claims paid during the period under review indicated that they appeared proper with respect to certification and itemization.

Financial Planning, Accounting and Reporting (Cont'd)

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the School Business Administrator/Board Secretary, and the Chief School Administrator.

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

Payrolls were delivered to the treasurer of school moneys with a warrant made to her order for the full amount of each payroll.

Employee Position Control Roster

An inquiry and subsequent review of the Position Control Roster did not find any discrepancies between the payroll records, employee benefit records, the general ledger accounts to where wages are posted, and the Position Control Roster.

Unemployment Compensation Insurance Trust Fund

The Board has adopted the percentage method and does not maintain an Unemployment Compensation Insurance Trust Fund.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2015 for goods not yet received or services not yet rendered, and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered as of June 30, 2015.

Obligations of Federal Grant Awards and Requests for Reimbursement of Expenditures Against Those Federal Grants Awards - No exceptions were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed, a 0% error rate was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings

None

B. Administrative Classification Findings

None

Financial Planning, Accounting and Reporting (Cont'd)

Certification of Income Tax Compliance

The required certification (E-CERT1) of compliance with requirements for income tax on compensation of administrators (Superintendent and Business Administrator) to the N.J. Department of Treasury was filed by the March 15 due date.

Board Secretary's Records

The financial records and board minutes of the Board Secretary were in satisfactory condition.

Acknowledgment of the Board's receipt of the Board Secretary's and Treasurer's monthly financial reports was included in the monthly minutes.

Purchase orders were charged to the appropriate line item accounts in accordance with the State prescribed **Uniform Minimum Chart of Accounts (2R2) for New Jersey Public Schools**.

Monthly financial certifications of the Board Secretary and Board of Education for positive line item account status certification (N.J.A.C. 6:20-2.13) were approved monthly.

An analysis of cumulative budget transfers was examined to determine that transfers appear to be approved and recorded in accordance with Department of Education requirements regarding the ten percent rule on advertised budget line items.

Treasurer's Records

The Treasurer prepared cash reconciliations for the general operating account, payroll account and payroll agency account per N.J.S.A. 18A:17-9.

All cash receipts were promptly deposited. (N.J.S.A. 18A:17-34, 18A:17-9.1)

The Treasurer's records were in agreement with the records of the Board Secretary.

The Treasurer filed her reports in a timely manner.

Elementary and Secondary Education Act (E.S.E.A./Improving America's Schools Act (IASA) as reauthorized by the No Child Left Behind Act of 2001 (NCLB)

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue Section of the **CAFR**. This section of the **CAFR** documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

Our audit of the federal and state funds, on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The study of compliance for E.S.E.A. indicated no areas of noncompliance and/or questionable costs.

Financial Planning, Accounting and Reporting (Cont'd)

Other Special Federal and/or State Projects

The District's special projects were approved as listed on Schedule A and Schedule B located in the **CAFR**. Our audit of the federal and state funds, on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the **CAFR**. This section of the **CAFR** documents the financial position pertaining to the aforementioned special projects. The study of compliance for special projects indicated no areas of noncompliance and/or questionable costs.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

Finding 2015-1

The reimbursement to the State for the amount of the expenditure charged to the current year's Final Reports for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made subsequent to the 90 days required by N.J.S.A. 18A:66-90. Accordingly, the expenditure was not in accordance with State law (90 days). The expenditure was also improperly reflected in the current year's Final Reports for all federal awards.

Recommendation:

The district should adopt internal control procedures designed to ensure that reimbursements of TPAF/FICA paid by the State on-behalf of TPAF employees charged to federal grants are properly reported in the current year's Final Reports for all federal awards and are encouraged to remit payment within the 60 day grant liquidation period and/or certainly within the statutory 90 day liquidation period.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general are available on the website:
http://www.state.nj.us/dca/divisions/dlgs/programs/ps_contracts.html.

The current statute is posted on the New Jersey Legislature website at: http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headingswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_pg42

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18A:39-3 is currently \$18,300.

The District Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4, amended.

Financial Planning, Accounting and Reporting (Cont'd)

Contracts and Agreements Requiring Advertisement for Bids (Cont'd)

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977; therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that I Pads, Carts/Adapters and Access Controller were purchased from vendors approved for state contract.

The review of contracts and agreements did not disclose any areas of statutory noncompliance.

Although a particular contract is exempt from the formal requirements of public advertising and competitive bidding, N.J.S.A. 18A:18A-37 requires that quotations be obtained, whenever practical, for any contract less than the bid threshold but 15% or more of that amount, except for contracts for professional services. All contracts and agreements, which are subject to quotations, shall be awarded on the basis of the lowest responsible quotation received, which is most advantageous to the Board of Education, price and other factors considered. Our examination indicated that the Board of Education complied with these provisions.

School Food Service

The financial transactions and statistical records of the School Food Service Fund were maintained in satisfactory condition. The financial accounts, meal and milk count records and eligibility applications were reviewed on a test-check basis.

The number of meals/milks claimed for reimbursement was verified against sales and meal count records. As part of the claims review process, the edit check worksheet was completed. Reimbursement claims appeared to be submitted/certified in a timely manner.

The required verification procedures for free and reduced price lunch were completed on a timely basis.

Applications for free and reduced price meals and milks were reviewed for completeness and accuracy. The number of free and reduced price meals and free milks claimed as served for the entire school year was compared to the number of valid applications and/or to the list of directly certified students on file, times the number of operating days, on a school by school basis. The free and reduced price meal and milk policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used. The examination did not and could not determine the quality, quantity or proper price of nonbid goods or services for which payments had been made. These details were necessarily covered by the approval of such claims. Revenues and receipts were established and verified as to the source and amount only insofar as the records permitted.

Food Distribution commodities were received and a single inventory was maintained on a first-in, first-out basis by food-service employees under the supervision of the management service company, Dowling Food Service Management Co. Inc.

Financial Planning, Accounting and Reporting (Cont'd)

School Food Service (Cont'd)

The District entered into a management service contract with Dowling Food Service Management Inc. in accordance with N.J.S.A.18A:17-34 and 19-1 through 19-4.I. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will maintain a minimum profit of \$1,500. The operating results provision has been met.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all school food service employees authorized by the Board of Education.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months average expenditures. The amount of surplus increased by \$13,301 during the 2014-15 school year.

Exhibits reflecting Child Nutrition Program operations are included in the **CAFR** section entitled Enterprise Funds, Section G.

Finding 2015-2

Net cash resources exceeded three months average expenditures.

Recommendation

The Board should implement a corrective action plan to effectively reduce the net cash resources on hand through capital expenditure or otherwise.

Student Body Activities

Approval authorization appeared to be available for all student activity cash disbursements.

The District maintains a board policy that clearly established the regulation of the Student Activities Fund.

Cash receipts and disbursements journals were maintained in fair condition and reconciled to the monthly bank statements. Deposits were traceable to the bank and made on a timely basis. Expenditures were supported by invoices and other documentation.

School Care Enterprise Fund

Cash receipts and disbursements journals were maintained in fair condition and reconciled to the monthly bank statements. Deposits were traceable to the bank and made on a timely basis. Expenditures were supported by invoices approval authorization and other documentation.

The amount of surplus increased by \$28,593 during the 2014-15 fiscal year.

Application for State School Aid

Our audit procedures included a test of the information reported in the October 15th Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, and low-income. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A was compared to the district workpapers without exception. The information that was included on the workpapers was verified without exception.

The results of our procedures are presented in the Schedule of Audited Enrollments. The district maintained workpapers on the prescribed state forms or their equivalent and has adequate written procedures for the recording of student enrollment data.

The results of our procedures are presented in the Schedule of Audited Enrollment.

The District maintained workpapers on the prescribed state forms or their equivalents.

The District has adequate written procedures for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a test of on roll status reported in the 2014-15 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report, which would have been presented in the Schedule of Audited Enrollments. The DRTRS Eligibility Summary Report was compared to the County Summary Report. All items were in agreement except for AIL-Non-Public. The County had two (2) less students reported than the District. The District had no indication of errors or discrepancies.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our review of transportation related purchases of goods and services.

Facilities and Capital Assets

As part of the GASB 34 reporting format, fixed assets were recorded in accordance with GAAP including a provision for depreciation expense.

The amount of additions to fixed capital during the 2014-15 school-years was \$180,429 and the balance in Fixed Assets was \$3,605,789, as of June 30, 2015.

Follow-up on Prior Year Findings

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. Corrective action has been taken on all prior year findings.

Acknowledgment

We received the complete cooperation of all the officials of the School District, and we greatly appreciate the courtesies extended to the members of the audit team.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, P.A.

A handwritten signature in black ink, appearing to read "Raymond Colavita". The signature is written in a cursive style with a large initial "R" and "C".

Raymond Colavita, C.P.A., R.M.A.
Licensed Public School Accountant No. 915

NET CASH RESOURCE SCHEDULE

Net cash resources did/did not exceed three months of expenditures
 Proprietary Funds - Food Service
 FYE 2015
 S-UP

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 38,816.00
B-4		Due from Other Gov'ts	
B-4		Accounts Receivable	7,580
B-4		Investments	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	(3,017)
B-4		Less Accruals	
B-4		Less Due to Other Funds	
B-4		Less Deferred Revenue	<u>(1,318)</u>
		Net Cash Resources	<u>\$ 42,061.00</u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	131,097	
B-5	Less Depreciation	<u>(2,870)</u>	
	Adj. Tot. Oper. Exp.	<u>\$ 128,227.00</u>	(B)

Average Monthly Operating Expense:

B / 10 **\$ 12,822.70** (C)

Three times monthly Average:

3 X C **\$ 38,468.10** (D)

TOTAL IN BOX A	\$	42,061.00
LESS TOTAL IN BOX D	\$	<u>38,468.10</u>
NET	\$	<u>3,592.90</u>
From above:		
A is greater than D, cash exceeds 3 X average monthly operating expenses.		
D is greater than A, cash does not exceed 3 X average monthly operating expenses.		

* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

SCHEDULE OF MEAL COUNT ACTIVITY

TOWNSHIP OF UPPER PITTSBORO SCHOOL DISTRICT

FOOD SERVICE FUND

NUMBER OF MEALS/MILKS SERVED AND (OVER)/UNDERCLAIM-FEDERAL

ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDER CLAIM (b)
National School Lunch (Severe Need Rate)	Paid	12,166	12,166	12,166		0.30	
	Reduced	2,932	2,932	2,932		2.60	
	Free	9,642	9,642	9,642		3.00	
	TOTAL	24,740	24,740	24,740			
	HHFKA - PB Lunch Only	24,740	24,740	24,740		0.06	
School Breakfast (Severe Need Rate)	Paid	690	690	690		0.28	
	Reduced	773	773	773		1.63	
	Free	5,602	5,602	5,602		1.93	
	TOTAL	7,065	7,065	7,065			
	Total Net Overclaim						

SCHEDULE OF MEAL COUNT ACTIVITY

TOWNSHIP OF UPPER PITTSBORO SCHOOL DISTRICT

FOOD SERVICE FUND

NUMBER OF MEALS/MILKS SERVED AND (OVER)/UNDERCLAIM-STATE

ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE	(OVER) UNDER CLAIM
State Reimbursement - National School Lunch (Regular Rate)	Paid	12,166	12,166	12,166	0	0.040	0.00
	Reduced	2,932	2,932	2,932	0	0.055	0.00
	Free	9,642	9,642	9,642	0	0.055	0.00
	TOTAL	24,740	24,740	24,740			

Total Net Overclaim

0.00

SCHEDULE OF AUDITED ENROLLMENTS

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014

	2015-2016 APPLICATION FOR STATE SCHOOL AID						SAMPLE FOR VERIFICATION						PRIVATE SCHOOLS FOR DISABLED				
	Reported On A.S.S.A. On Roll		Reported On Workpapers On Roll		Errors		Sample Selected From Workpapers		Verified per Registers On Roll		Errors per Registers On Roll		Reported On A.S.S.A. as				
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Private Schools	Sample for Verification	Sample Verified	Sample Errors	
Half Day PS 3 Yr Old	4		4					2		2							
Half Day PS 4 Yr Old	11		11					5		5							
Full Day PS 3 Yr Old	1		1														
Full Day PS 4 Yr Old		1		1													
Full Day Kindergarten	23		23					11		11							
One	34		34					16		16							
Two	28		28					13		13							
Three	27		27					13		13							
Four	37		37					18		18							
Five	30		30					14		14							
Six	33		33					16		16							
Seven	32		32					15		15							
Eight	42		42					20		20							
Nine																	
Ten																	
Eleven																	
Twelve																	
Post-Graduate																	
Adult H.S. (15+CR.)																	
Adult H.S. (1-14 CR.)																	
Subtotal	302	1	302	1	0	0	143	0	143	0	0	0	0	0	0	0	0
Special Ed - Elementary	35		35				17		17								
Special Ed - Middle	21		21				10		10								
Special Ed - High													1	1	1		
Subtotal	56	0	56	0	0	0	27	0	27	0	0	0	1	1	1	0	0
Totals	358	1	358	1	0	0	170	0	170	0	0	0	1	1	1	0	0
Percentage Error					0.00%	0.00%				0.00%	0.00%					0.00%	

SCHEDULE OF AUDITED ENROLLMENTS

UPPER PITTSBORO TOWNSHIP BOARD OF EDUCATION
APPLICATION OR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2014

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Report On</u> <u>A.S.S.A. as</u> <u>NOT Low</u> <u>Income</u>	<u>Report On</u> <u>Workpapers as</u> <u>NOT Low</u> <u>Income</u>	<u>Errors</u>	<u>Sample</u> <u>Selected From</u> <u>Workpapers</u>	<u>Verified to</u> <u>Application</u> <u>and Register</u>	<u>Sample</u> <u>Errors</u>
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten						
Full Day Kindergarten						
One						
Two						
Three						
Four						
Five						
Six						
Seven						
Eight						
Nine						
Ten						
Eleven						
Twelve						
Post Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High						
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Percentage Error		<u>0.00%</u>			<u>0.00%</u>	

TOWNSHIP OF UPPER PITTSBORO SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

SECTION 1

A. 2% Calculation of Excess Surplus

2013-14 Total General Fund Expenditures per the CAFR	\$ <u>8,081,279</u> (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects Fund	<u>112,500</u> (B1a)
Transfer from Capital Reserve to Capital Projects Fund	<u> </u> (B1b)
Transfer from General Fund to SRF for PreK-Regular	<u> </u> (B1c)
Transfer from General Fund to SRF for PreK-Inclusion	<u> </u> (B1d)
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>474,730</u> (B2a)
Assets Acquired Under Capital Leases	<u> </u> (B2b)
 Adjusted 13-14 General Fund Expenditures [(B)+(B1s)-(B2s)]	 <u><u>7,719,049</u></u> (B3)
 2% of Adjusted 2013-14 General Fund Expenditures [(B3) times .02]	 <u>154,381</u> (B4)
Enter Greater of (B4) or \$250,000	<u>250,000</u> (B5)
Increased by: Allowable Adjustment*	<u>6,075</u> (K)
 Maximum Unassigned/Undesignated-Unreserved Fund Balance[(B5)+(K)]	 \$ <u><u>256,075</u></u> (M)

SECTION 2

Total General Fund - Fund Balances @ 6-30-14 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>906,243</u> (C)
Decreased by:	
Year-end Encumbrances	<u>9,686</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	<u>60,000</u> (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	<u>170,920</u> (C3)
Other Restricted Fund Balances****	<u>229,053</u> (C4)
Assigned Fund balance Unreserved - Designated for Subsequent Year's Expenditures	<u>6,796</u> (C5)
 Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	 \$ <u><u>429,788</u></u> (U1)

TOWNSHIP OF UPPER PITTSBORO SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION

SECTION 3

Restricted Fund Balance- Excess Surplus*** [(U1)-(M)] IF NEGATIVE ENTER -0- \$ 173,713 (E)

Recapitulation of Excess Surplus as of June 30, 2014

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures**	170,920 (C3)
Reserved Excess Surplus ***[(E)]	<u>173,713 (E)</u>
Total [(C3) + (E)]	\$ <u>344,633 (D)</u>

Footnotes:

* This adjustment line (as detailed below) is to be utilized for when applicable for: Impact Aid; Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10) Extraordinary Aid; Additional and Nonpublic School Transportation Aid; and recognized current year School Bus Advertising Revenue. Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____ (H)
Sale & Lease-Back	_____ (I)
Extraordinary Aid	_____ (J1)
Additional Nonpublic School Transportation Aid	<u>6,075 (J2)</u>
Current Year School Bus Advertising Revenue Recognized	_____ (J3)
Total Adjustments [(H) + (I) + (J1) + (J2) + (J3)]	\$ <u>6,075 (K)</u>

** This amount represents the June 30, 2014 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amounts must agree to the June 30, 2014 CAFR and must agree to Audit Summary Worksheet Line 90030.

**** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance and Regulatory Compliance prior to September 30.

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	_____
Capital reserve	<u>29,053</u>
Maintenance reserve	<u>200,000</u>
Emergency Reserve	_____
Tuition reserve	_____
School Bus Advertising 50% Fuel Offset Reserve - Current Year	_____
School Bus Advertising 50% Fuel Offset Reserve - Prior Year	_____
Other state/government mandated reserve	_____
[Other Restricted Fund Balance not noted above] ****	_____
Total Other Restricted Fund Balance	\$ <u>229,053 (C4)</u>

